

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, banker, or other professional adviser immediately.

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BERTAM ALLIANCE BERHAD

(Company No: 305530-A)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A: PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

AND

PART B: PROPOSED AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY

The above proposals will be tabled as Special Businesses at the Twenty-Third Annual General Meeting (“AGM”) of Bertam Alliance Berhad (“BERTAM” or “the Company”) which is scheduled to be held at Function Room 7, Level 3, The Pacific Sutera Hotel, Sutera Harbour, 88100 Kota Kinabalu, Sabah on Friday, 26 May 2017 at 9.00 a.m. The Notice of the AGM together with the Form of Proxy are set out in the Annual Report 2016 of the Company which is despatched together with this Circular.

The Form of Proxy must be lodged at the Company’s Share Registrar not later than 48 hours before the time set for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : 24 May 2017 at 9.00 a.m.

Date and time of AGM : 26 May 2017 at 9.00 a.m.

This Circular is dated 28 April 2017

PART A

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

"Act"	:	Companies Act 2016 as amended from time to time and includes any re-enactment thereof.
"AGM"	:	Annual General Meeting
"BERTAM" or "the Company"	:	Bertam Alliance Berhad (305530-A)
"BERTAM Group" or "the Group"	:	BERTAM and its subsidiary companies
"Board of Directors"	:	Board of Directors of BERTAM
"Bursa"	:	Bursa Malaysia Securities Berhad (635998-W)
"Circular"	:	Circular to shareholders dated 28 April 2017 in relation to the Proposed Mandate Renewal
"Director"	:	Has the meaning given in Section 2(1) of the Capital Market and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive of BERTAM Group.
"Listing Requirements"	:	Main Market Listing Requirements of Bursa including any amendments that may be made from time to time
"LPD"	:	31 March 2017, being the latest practicable date prior to the printing of this Circular
"Major Shareholder(s)"	:	A person who has an interest or interests in one or more voting shares in a company and the nominal amount of the share, or the aggregate of the nominal amounts of those shares, is: - a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the company; or b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company

For the purposes of this definition, "interest in shares" shall have the same meaning in Section 8 of the Act. It also includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon.

DEFINITIONS (Cont'd)

"Persons Connected"	Persons connected to the Directors and/or Major Shareholders, who fall under any one of the following categories: - <ul style="list-style-type: none">(i) a family member of a Director or Major Shareholder;(ii) a trustee of a trust (other than a trustee for share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;(iii) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;(iv) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;(v) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;(vi) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;(vii) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;(viii) a body corporate in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or(ix) a body corporate which is a related corporation
"Proposed Mandate Renewal"	: Proposed renewal of shareholders' mandate for RRPTs to be entered into from the date of the forthcoming AGM up to the date of the next AGM
"Related Party(ies)"	: Means a Director, Major Shareholder of BERTAM or a persons connected with such Director or Major Shareholder. For the purpose of this definition, "Director" and "Major Shareholder" have the meanings given in Paragraph 10.02 of the Listing Requirements
"RM" and "sen"	: Ringgit Malaysia and sen respectively
"RRPT"	: Recurring transactions of a revenue or trading nature which are necessary for the day-to-day operations and are entered into by BERTAM Group with the Related Parties in the ordinary course of business which involves the interest, direct or indirect, of a Related Party

Words incorporate the singular shall, where applicable, include the plural and vice versa and words incorporate the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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**LETTER TO THE SHAREHOLDERS OF
BERTAM ALLIANCE BERHAD**

BERTAM ALLIANCE BERHAD

(Company No: 305530-A)
(Incorporated in Malaysia)

Registered Office:
Lot 4.100, Tingkat 4,
Wisma Central,
Jalan Ampang,
50450 Kuala Lumpur.

28 April 2017

Board of Directors

Datuk Mohamed Arsad Bin Sehan (*Chairman / Senior Independent Non-Executive Director*)

Lim Nyuk Foh (*Managing Director*)

Lim Shaw Keong@Alfred Lim (*Independent Non-Executive Director*)

Chiew Boon Chin (*Executive Director*)

Koo Jenn Man (*Non-Independent Non-Executive Director*)

To: The Shareholders of BERTAM

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE RENEWAL")

1. INTRODUCTION

On 26 May 2016, the Company announced that the shareholders had at the Twenty-Second AGM held on even date, approved the resolutions pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which are necessary for BERTAM Group's day-to-day operations and are in the ordinary course of business as well as on terms not more favourable to the Related Parties than those generally available to the public.

On 12 April 2017, the Board announced that the Company proposed to seek the approval of its shareholders for the Proposed Mandate Renewal at the forthcoming Twenty-Third AGM of the Company to enable the Group to continue entering the RRPT with the Related Parties.

The purpose of Part A of this Circular is to provide you with relevant information on the Proposed Mandate Renewal and the Board's recommendation thereon as well as to seek your approval for the proposed resolution pertaining to the Proposed Mandate Renewal to be tabled at the Twenty-Third AGM of the Company, which will be held at Function Room 7, Level 3, The Pacific Sutera Hotel, Sutera Harbour, 88100 Kota Kinabalu, Sabah on Friday, 26 May 2017 at 9.00 a.m.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED MANDATE RENEWAL.

2. INFORMATION ON THE PROPOSED MANDATE RENEWAL

2.1 Provision under The Listing Requirements

Pursuant to Paragraph 10.09(2) and Practice Note 12 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for day-to-day operations of a listed issuer or its subsidiaries subject to the following: -

- i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- iii) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa. The draft circular must be submitted to Bursa together with a checklist showing compliance with such information;
- iv) in a meeting to obtain the shareholders' mandate, the interested Directors, interested Major Shareholders and interested Persons Connected with a Director or Major Shareholder must not vote on the resolution in respect of the related party transaction; and where it involves the interest of an interested Persons Connected, such Persons Connected must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must also ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- v) the listed issuer immediately announces to Bursa when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa in its announcement.

Transactions entered between a listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiaries are excluded from the requirements of related party transactions of Chapter 10 of the Listing Requirements.

Where a shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements has been procured, the provisions of Paragraph 10.08 of the Listing Requirements shall not apply. The Proposed Mandate Renewal, if approved by the shareholders at the Twenty-Third AGM, shall continue to be in force until: -

- a) the conclusion of the next AGM of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next AGM;
- b) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by resolution passed by shareholders in a general meeting before the next AGM,

whichever is the earlier.

2.2 Principal Activities of BERTAM Group

The principal activities of BERTAM are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are mainly property development, general contractors and provision of project management and administration services.

2.3 Information on Related Parties and Nature of Transaction

The class and nature of transaction of the RRPT of BERTAM Group are as follows ("Existing Mandate"): -

Transacting company within the BERTAM Group	Transacting Party	Interested Related Party	Nature of Transaction	Estimated Value for Proposed Mandate Renewal (from this AGM to the next AGM) (RM'000)	Estimated Value as disclosed in the Circular to Shareholders dated 28 April 2016 (RM'000)	Actual Value transacted (from the date of last AGM held on 26 May 2016 to the LPD) (RM'000)
BERTAM Group	Directors and/or Major Shareholders of BERTAM Group and Persons Connected to them @	Directors and/or Major Shareholders of BERTAM Group and Persons Connected to them	Sale of land or land based properties in the ordinary course of business	#	#	Nil

Notes: -

- @ The Directors, Major Shareholders and/or Persons Connected to them who will be purchasing properties sold by the BERTAM Group cannot be ascertained at this juncture. Disclosure shall be made in the Annual Report in accordance with Practice Note 12 of the Listing Requirements.
- # Estimates of the value of this category of transactions cannot be ascertained given the various types of properties sold by the BERTAM Group which vary from project to project. However, in accordance with Paragraph 3.3 of Practice Note 12 of the Listing Requirements, the value of such transaction shall not exceed 10% of any one of the percentage ratios.

The above transaction is necessary for BERTAM Group's day-to-day operations and in the ordinary course of business as well as on terms not more favourable to the Related Party than those generally available to the public and is not to the detriment of the minority shareholders of BERTAM Group.

The actual value transacted of the Existing Mandate, from the date on which the existing mandate was obtained (i.e. the date of last AGM on 26 May 2016) up to the LPD did not exceed the estimated value by 10% or more.

Estimates of the value of this category of transactions cannot be ascertained given the various types of properties sold by the BERTAM Group which vary from project to project. However, in accordance with Paragraph 3.3 of Practice Note 12 of the Listing Requirements, the value of such transaction shall not exceed 10% of any one of the percentage ratios.

2.4 Amount due and owing to BERTAM Group by Related Parties

As at the financial year ended 31 December 2016, no transactions have been entered into between BERTAM Group and the Related Parties as per Section 2.3 of this Circular. Thus, there are no outstanding amounts due and owing to BERTAM Group by the Related Parties.

2.5 Review Procedures for the RRPT

The Group has established the following procedures and guidelines to ensure that the RRPT are undertaken on transaction prices and terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders:

- (a) A list of the Related Parties is established and circulated annually to all subsidiaries of BERTAM, who shall monitor and ensure that all RRPTs to be entered into by BERTAM Group are required to be undertaken on an arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public.
- (b) The transaction prices, terms, and conditions of the RRPT are determined after taking into consideration amongst others, the demand and supply of the products, level of services, quality of products and other related factors such as timeliness and quality of services.
- (c) The Group is made aware of the requirements to monitor, and shall put in place proper processes or systems to record and report on all RRPT for compilation and reporting to the Audit Committee.
- (d) All RRPT will be reviewed by the Audit Committee on a quarterly basis. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information from independent sources.
- (e) The annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the shareholders' mandate to ensure that the relevant approvals have been obtained and the procedures in respect of such transactions are adhered to before entering such RRPTs.
- (f) The Board of Directors and the Audit Committee shall review, on an annual basis, the internal audit reports to ascertain that the guidelines and procedures established to monitor RRPTs have been complied with. If during the annual review, the Audit Committee is of the view that the RRPT procedures and guidelines are no longer valid or inadequate to ensure that the RRPT made on an arm's length basis or on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders, the Audit Committee shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones.
- (g) Where any person(s) has an interest in the RRPT to be reviewed, such person(s) shall abstain from deliberating and voting of such transactions.

- (h) Disclosure will be made in the Annual Report of the Company of the breakdown of the aggregate value of transactions conducted based on the type of RRPT and the names of the Related Parties involved in each type of RRPT made and their relationship with the Company as required under Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements pursuant to the shareholders' mandate during the financial year. Disclosure will also be made in the Annual Reports for subsequent financial years during which the shareholders' mandate remains in force.
- (i) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation and comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on the usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations to ensure that the RRPT is not detrimental to the Group.

2.6 Threshold for Authority

There are no specific thresholds for approval of RRPT within the Group. However, all RRPTs are subject to the approval of the Heads of the relevant operating companies or such persons to whom they may delegate such power subject always to any BERTAM Group's policies that may be issued from time to time. Where any Director has an interest (direct or indirect) in any RRPT, such Director shall abstain from deliberation and voting on the matter. If it is determined that the guidelines and/or procedures stated in Section 2.5 of this Circular are inadequate and to ensure that: -

- i) RRPT will be conducted at arms' length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- ii) Such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders,

the Company will obtain a fresh shareholders' mandate.

2.7 Statement by the Audit Committee

The Audit Committee of the Company has reviewed the procedures set out in the Section 2.5 above and is of the view that the said procedures are sufficient to ensure that the RRPTs are conducted on arm's length basis, on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders. Any member of the Audit Committee who is interested in any RRPT shall not be involved in the review of the RRPT.

BERTAM had put in place adequate procedures and processes to monitor, track, and identify RRPT in a timely and orderly manner. The Audit Committee shall review the established procedures on a quarterly basis together with the review of the quarterly results, or at such frequency as the Audit Committee considers appropriate having regard to the value and the frequency of the RRPT.

2.8 Disclosure of RRPT

Disclosure will be made in the annual report of BERTAM in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT entered during the financial year based on the following information:

- (i) types of the RRPT; and
- (ii) names of the Related Parties involved in each type of the RRPT entered and their relationship with the Company.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Mandate Renewal has been obtained.

2.9 Rationale for the Proposed Mandate Renewal and the Benefit to BERTAM Group

The RRPT envisaged under the Proposed Mandate Renewal is in the ordinary course of business of BERTAM Group. They are recurring transactions of revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering such RRPT. As such, the Board is seeking a shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements for the RRPT described herein to allow the Group to enter such recurrent transactions made on an arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders.

By obtaining the Proposed Mandate Renewal and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The RRPT under the Proposed Mandate Renewal as detailed in Section 2.3 will meet BERTAM Group's business needs at the best possible terms and is in the best interest of BERTAM Group.

2.10 Effects of the Proposed Mandate Renewal

The Proposed Mandate Renewal will have no effect on the issued and paid-up share capital and substantial shareholders' shareholdings of BERTAM and it is also not expected to have any material effect on the net assets per share and earnings per share of the BERTAM Group.

2.11 Interests of Directors, Major Shareholders and/or Persons Connected to Them

As at the LPD, the direct and indirect shareholdings of the interested Directors and/or Major Shareholders in the issued and paid up share capital of BERTAM Group are as follows: -

Interested Directors	<----- No. of shares held ----->			
	Direct	%	Indirect	%
Datuk Mohamed Arsad Bin Sehan	-	-	-	-
Lim Nyuk Foh	49,023,100	23.71	-	-
Lim Shaw Keong@Alfred Lim	-	-	-	-
Chiew Boon Chin	-	-	-	-
Koo Jenn Man	393,500	0.19	-	-
Interested Major Shareholders				
Wisma Jutamas Sdn. Bhd.	37,000,000	17.89	-	-

As the Directors, Major Shareholders and/or Persons Connected to them who will be purchasing properties sold by the BERTAM Group cannot be ascertained at this juncture, the Directors have abstained and will continue to abstain from all Board deliberations and voting on the resolution pertaining to the Proposed Mandate Renewal.

The interested Directors and interested Major Shareholders will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to Proposed Mandate Renewal at the forthcoming Twenty-Third AGM.

The Interested Directors and Major Shareholders have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to Proposed Mandate Renewal at the forthcoming Twenty-Third AGM.

3. DIRECTORS' RECOMMENDATION

All Directors have abstained from making an opinion and recommendation in relation to the RRPT for the Proposed Mandate Renewal to be tabled at the forthcoming Twenty-Third AGM as the transacting Related Parties cannot be ascertained as at the date of this Circular.

4. APPROVAL REQUIRED

The Proposed Mandate Renewal is subject to approval being obtained from the shareholders at the forthcoming Twenty-Third AGM.

5. TWENTY-THIRD AGM

The notice convening the Twenty-Third AGM to vote on the resolution and the Form of Proxy are set out in the Annual Report 2016 accompanying this Circular. The Twenty-Third AGM of BERTAM will be held at Function Room 7, Level 3, The Pacific Sutera Hotel, Sutera Harbour, 88100 Kota Kinabalu, Sabah on Friday, 26 May 2017 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Mandate Renewal as Special Business.

If you are unable to attend and vote in person at the Twenty-Third AGM, you are requested to complete, sign, and return the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time fixed for the Twenty-Third AGM. The completion and returning of the Form of Proxy does not preclude you from attending and voting in person at the Twenty-Third AGM should you subsequently wish to do so.

6. FURTHER INFORMATION

You are advised to refer to the attached Appendix I in Part B of this Circular for further information.

Yours faithfully
For and on behalf of the Board of
BERTAM ALLIANCE BERHAD

DATUK MOHAMED ARSAD BIN SEHAN
Chairman / Senior Independent Non-Executive Director

PART B

**PROPOSED AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT
(10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY
("PROPOSED SHARE BUY-BACK")**

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016 as amended from time to time and includes any re-enactment thereof.
BERTAM or the Company	:	Bertam Alliance Berhad (305530-A)
BERTAM Group or the Group	:	BERTAM and its subsidiary companies
BERTAM Share(s) or Share(s)	:	Ordinary share(s) in BERTAM
Board	:	The Board of Directors of BERTAM
Bursa	:	Bursa Malaysia Securities Berhad (635998-W)
Code	:	Malaysian Code on Take-over and Mergers 2010 as amended from time to time and includes any re-enactment thereof.
AGM	:	Annual General Meeting
EPS	:	Earnings per Share
FYE	:	Financial year ended
Listing Requirements	:	Main Market Listing Requirements of Bursa, including any amendments that may be made from time to time
LPD	:	31 March 2017, being the latest practicable date prior to the printing of this Circular
Market Day Securities	:	A day on which the stock market of Bursa is open for trading in securities
Proposed Share Buy Back	:	Proposed purchase by BERTAM of its own shares on Bursa of up to ten percent (10%) of the issued and paid-up share capital of BERTAM
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission Malaysia
Substantial Shareholder	:	Shall have the same meaning given in Section 69D of the Act

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to time of day and date in this Circular is a reference to Malaysian time and date respectively.

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BERTAM ALLIANCE BERHAD

(Company No: 305530-A)
(Incorporated in Malaysia)

Registered Office:
Lot 4.100, Tingkat 4,
Wisma Central,
Jalan Ampang,
50450 Kuala Lumpur.

28 April 2017

Board of Directors

Datuk Mohamed Arsad Bin Sehan (*Chairman / Senior Independent Non-Executive Director*)
Lim Nyuk Foh (*Managing Director*)
Lim Shaw Keong@Alfred Lim (*Independent Non-Executive Director*)
Chiew Boon Chin (*Executive Director*)
Koo Jenn Man (*Non-Independent Non-Executive Director*)

To: The Shareholders of BERTAM

Dear Sir/Madam,

PROPOSED SHARE BUY-BACK

1. INTRODUCTION

On 25 November 2016, the Company announced that the Board proposed to seek its shareholders' approval on the authority to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of BERTAM through Bursa in accordance with Section 127 of the Act at an Extraordinary General Meeting to be convened,

On 21 April 2017, the Company made an announcement that the Board proposed to seek its shareholders' approval on the authority to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of BERTAM through Bursa in accordance with Section 127 of the Act at the forthcoming Twenty-Third AGM of the Company.

The purpose of Part B of this Circular is to provide you with details of the Proposed Share Buy-Back and the Board's recommendation thereon as well as to seek your approval for the resolution pertaining thereto to be tabled at the forthcoming Twenty-Third AGM of the Company. The Notice of the Twenty-Third AGM together with the Form of Proxy are set out in the 2016 Annual Report.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED SHARE BUY-BACK.

2. PROPOSED SHARE BUY-BACK

2.1 Details of the Proposed Share Buy-Back

The Board proposes to seek the authority from the shareholders of the Company to purchase up to ten per cent (10%) of its issued and paid-up share capital through stockbroker(s) to be appointed at a later date.

The Proposed Share Buy-Back is subject to compliance with Section 127 of the Act, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines, and requirements issued by the relevant authorities.

The approval from the shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming Twenty-Third AGM and shall be valid until: -

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

2.2 Maximum number or percentage of Shares to be acquired

The Board proposes to seek a mandate from the shareholders of BERTAM to purchase and/or hold in aggregate up to ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time through Bursa.

As at LPD, the issued and paid-up share capital of BERTAM is RM206,756,497.00 comprising 206,756,497 BERTAM Shares.

A maximum of 20,675,649 BERTAM Shares may be repurchased, representing ten per cent (10%) of the issued and paid-up share capital of BERTAM.

2.3 Maximum amount of funds to be allocated and the source of funds

Paragraph 12.10(1) of the Listing Requirements stipulated that the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company.

Based on BERTAM's latest audited financial statements as at 31 December 2016, the Company has accumulated losses of RM67,096,569.00.

Notwithstanding the above, the Company will ensure that there are sufficient retained profits at Company level prior to the share buy back. In addition, the Company will ensure that the maximum amount of funds to be utilised for the Proposed Share Buy Back shall not exceed the aggregate retained profits of the Company at the time of purchase.

As required under Section 112(2) of the Act, the Company will have to perform a solvency test to satisfy the following conditions: -

- (a) the share buy-back would not result in the Company being insolvent and its capital being impaired at the date of the solvency statement; and
- (b) the Company will remain solvent after each buy-back during the period of six (6) months after the date of declaration made by a majority of the Directors.

The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time during the abovementioned period using the internally generated funds of the Group and/or external borrowings. The amounts of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, the actual number of BERTAM Shares to be purchased and other relevant cost factors. The actual number of BERTAM Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions, and sentiments of the stock market as well as the retained profits and the financial resources available to the Group

Should the Proposed Share Buy-Back be financed through bank borrowings, the Board will ensure that there are sufficient funds to repay such borrowings and that such repayment will not have a material effect on the cash flow of the Group.

2.4 Treatment of Purchased Shares

In accordance with Section 127 of the ACT, the Board of BERTAM is able to deal with any Purchased Shares in the following manner: -

- (a) cancel all the ordinary shares so purchased; and/or
- (b) retain the ordinary shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

The decision whether to retain the Purchased Shares as treasury shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

Pursuant to Section 127 of the Act, if the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distribution and otherwise are suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at meetings.

The Company will make an immediate announcement to Bursa of any purchase or resale of the BERTAM Shares and whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both.

2.5 Purchase/Resale Price

Pursuant to Paragraph 12.17 of the Listing Requirements, BERTAM shall only purchase its own ordinary shares at a price, which is not more than fifteen percent (15%) above the weighted average market price for the five (5) Market Days immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell any treasury shares on Bursa at a price, which is:

- (a) not less than the weighted average market price of BERTAM Shares for the five (5) Market Days immediately before the date of the resale; or
- (b) a discount price of not more than 5% to the weighted average market price of BERTAM Shares for the five (5) Market Days immediately before the date of the resale, provided that: -
 - (i) the resale takes place not earlier than 30 days from the date of the purchase; and
 - (ii) the resale price is not less than the cost of purchase of the BERTAM Shares being resold.

2.6 Purchase, resale, and cancellation of purchased shares made in the previous twelve (12) months

The Company has not obtained any shareholders' authority to purchase its own shares. Hence, the Company has not purchased any of its shares in the previous twelve (12) months preceding the date of this Circular. As such, the Company does not have any treasury shares and has not resold, cancelled, or distributed any treasury shares as dividends in the same period.

2.7 Public Shareholding Spread of BERTAM

As at LPD, the public shareholding spread of the Company was approximately 58.21%. For the purpose of illustration, if the Company purchases up to the maximum of ten per cent (10%) of the issued and paid-up share capital of BERTAM Shares and assuming the number of BERTAM Shares currently held by the Directors, the Substantial Shareholders or associates of the Directors and/or Substantial Shareholders remain unchanged during the implementation of the Proposed Share Buy-Back, the proforma public Shareholding spread of the Company, based on the Record of Depository as at LPD is expected to be approximately 53.56%. The Board is mindful of the requirement that any purchase of BERTAM Shares by the Company must not result in the public shareholding spread of BERTAM falling below 25% of its issued and paid-up share capital.

2.8 Rationale for the Proposed Share Buy-Back

- (a) The Proposed Share Buy-Back will enable BERTAM to have an additional option to utilise its surplus financial resources.
- (b) In addition, the purchased shares may be held as treasury shares and resold on Bursa with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.
- (c) With the mandate, the Company will also be able to stabilise the supply and demand of BERTAM Shares traded on the Bursa and thereby support its fundamental value, if required.

2.9 Risk factors of the Proposed Share Buy-Back

- (a) The Proposed Share Buy-Back, if implemented, will reduce the financial resources of the Group. This may result in the Group foregoing other investment opportunities that may be available in the future or any interest that may be derived from depositing such funds in interest bearing deposits.

However, the financial resources of the Group may increase if the treasury shares held are resold at prices higher than their purchase prices.

- (b) Nevertheless, the Board will be mindful of the interests of BERTAM and its shareholders in undertaking the Proposed Share Buy-Back.

2.10 Advantages and disadvantages of the Proposed Share Buy-Back

Advantages

- (a) The Proposed Share Buy-Back, if implemented, will enable the Company to stabilise the supply and demand of BERTAM Shares on Bursa and thereby reducing the volatility of BERTAM Shares.
- (b) The Company would have the opportunity to utilise its financial resources not immediately required for other use to purchase BERTAM Shares and may have opportunities for potential gains if the Purchased Shares which are retained as treasury shares are resold at prices higher than their purchase prices.

Disadvantages

- (a) The Proposed Share Buy-Back will reduce the amount of resources available for distribution to the shareholders of the Company and may result in the Group having to forgo feasible investment opportunities that may emerge in the future. However, the financial resources of the Group may increase if the BERTAM Shares so purchased held as treasury shares are resold at prices higher than their purchase price.
- (b) The working capital of the group will also be affected, as any purchase of BERTAM Shares will reduce the group cash flow depending on the actual number of shares purchased and their purchase price.

The Board will be mindful of the interests of the Company, the group, and the shareholders in implementing the Proposed Share Buy-Back.

3. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

3.1 Share Capital

- (a) The effect of the Proposed Share Buy-Back on the share capital will depend on whether the BERTAM Shares purchased are cancelled or retained as treasury shares.
- (b) In the event that the maximum number of shares authorised under the Proposed Share Buy-Back are purchased and retained as treasury shares, there would be no effect on the share capital of BERTAM. However, the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise would be suspended.
- (c) The Proposed Share Buy-Back will reduce the issued and paid-up share capital if the BERTAM Shares so purchased are cancelled. The effect of the maximum number of shares to be bought back as permitted under the Proposed Share Buy-Back based on the issued and paid-up share capital as at LPD assuming the BERTAM Shares so purchased are cancelled, is illustrated below: -

Issued and paid-up share capital as at LPD	No. of Shares 206,756,497
Less: - Maximum number of BERTAM Shares that may be bought back and cancelled	20,675,649
Reduced issued and paid-up share capital	<hr/> <u>186,080,848</u> <hr/>

3.2 Net Assets

- (a) The net assets per share of BERTAM Group based on the latest audited financial statements as at 31 December 2016 is RM0.69
- (b) The effect of the share repurchase on the net assets per share of the BERTAM Group is dependent on the number of BERTAM Shares which the Company will buy-back, purchase price of the BERTAM Shares at the time of buy-back, the treatment of the shares so purchased and the funding cost, if any.
- (c) The share repurchase would reduce the net assets per share of the group if the purchase price exceeds the net assets per share at the relevant point in time. Conversely, the net assets per share of the group would increase if the purchase price is less than the net assets per share at the relevant point in time.
- (d) If the treasury shares are resold on the Bursa, the net assets per share will increase if the selling price exceeds the net assets per share at the relevant point in time.

3.3 Working capital

- (a) The Proposed Share Buy-Back will result in an outflow of cash and thereby reducing the working capital of the BERTAM Group, the quantum of which is dependent on the purchase prices of the BERTAM Shares and the number of BERTAM Shares repurchased and the funding cost, if any. Nevertheless, the Board will be mindful of the interests of BERTAM and its shareholders in undertaking the proposed Share Buy-Back and will assess the working capital needs of the BERTAM Group prior to any repurchase of BERTAM Shares.
- (b) In the event the Company purchases its own shares using external borrowings, the Company will ensure that it has sufficient funds to repay the external borrowings.

3.4 Earnings

- (a) The effects of the Proposed Share Buy-Back on the earnings of the Group are dependent on the purchase prices of BERTAM Shares and the effective funding cost to finance such purchases and/or loss in interest income to the group, if internally generated funds are utilised.
- (b) For instance, the share repurchase will increase the EPS of the BERTAM Group if the effective funding cost and/or loss in income to the Company which is attributed to every repurchased share is lower than the EPS of the BERTAM Group and vice versa.

3.5 Dividends

- (a) Assuming the Proposed Share Buy-Back is implemented in full, the share repurchase will have the effect of increasing the dividend rate per ordinary share of BERTAM as a result of a decrease in the number of shares in BERTAM which are entitled to participate in the dividends.
- (b) The Proposed Share Buy-Back may have an impact on the Company's dividend policy as it would reduce the cash available for dividend payment, which may otherwise be used for dividend payment. Nonetheless, the BERTAM Shares purchased may be distributed as dividends to shareholders of the Company, if the directors so decide.

SUNSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS

(i) Substantial Shareholders

Assuming the Proposed Share Buy-Back is implemented in full, the proforma effects of the share repurchase on the shareholdings of Substantial Shareholders based on the Register of Substantial Shareholders as at LPD are as follows: -

Substantial Shareholders	Before the Proposed Share Buy Back			* After the Proposed Share Buy Back		
	← Direct → No. of shares held	% of share capital	← Indirect → No. of shares held	← Direct → No. of shares held	% of share capital	← Indirect → No. of shares held
Lim Nyuk Foh	49,023,100	23.71	-	49,023,100	26.34	-
Wisma Jutamas Sdn. Bhd.	37,000,000	17.89	-	37,000,000	19.88	-

Note: * On the assumption that the Company repurchase the maximum 20,675,649 BERTAM Shares, representing ten per cent (10%) of its issued and paid-up share capital of RM206,756,497.00 comprising 206,756,497 BERTAM Shares.

(ii) Directors' Shareholdings

Assuming the Proposed Share Buy-Back is implemented in full, the proforma effects of the share repurchase on the shareholdings of Directors based on the Register of Directors' Shareholdings as at LPD are as follows: -

Director	Before the Proposed Share Buy-back			* After the Proposed Share Buy Back		
	← Direct → No. of shares held	% of share capital	← Indirect → No. of shares held	← Direct → Shares held	% of share capital	← Indirect → No. of shares held
Lim Nyuk Foh	49,023,100	23.71	-	49,023,100	26.34	-
Koo Jenn Man	393,500	0.19	-	393,500	0.21	-

Note: * On the assumption that the Company repurchase the maximum 20,675,649 BERTAM Shares, representing ten per cent (10%) of its issued and paid-up share capital of RM206,756,497.00 comprising 206,756,497 BERTAM Shares.

4. IMPLICATIONS RELATING TO THE CODE

Pursuant to the Code, a director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining ordinary shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their existing shareholdings is between 33% and 50% and increases by another 2% in any subsequent 6 months' period.

Notwithstanding the above, such person and any person acting in concert may make an application to the SC for an exemption from a mandatory general offer under Paragraph 24.1 of Practice Note 9 of the Code.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of BERTAM Shares traded on Bursa for the past twelve (12) months are as follows: -

	High (RM)	Low (RM)
2016		
April	0.52	0.49
May	0.51	0.47
June	0.50	0.45
July	0.50	0.44
August	0.55	0.45
September	0.66	0.51
October	0.67	0.56
November	0.65	0.54
December	0.64	0.54
2017		
January	0.61	0.56
February	0.61	0.56
March	0.57	0.51
		RM
Last traded price on Bursa as at the LPD		0.55

Source: yahoo finance

6. APPROVAL REQUIRED FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is subject to approval being obtained from the shareholders of the Company at the forthcoming Twenty-Third AGM to be convened.

7. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back, none of the Directors and/or substantial shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the Proposed Share Buy-Back or resale of treasury shares, if any.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board has considered all aspects of the Proposed Share Buy-Back and is of the opinion that the Proposed Share Buy-Back is in the best interest of the BERTAM Group and accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming Twenty-Third AGM.

9. TWENTY-THIRD AGM

The notice convening the Twenty-Third AGM to vote on the resolution and the Form of Proxy are set out in the Annual Report 2016 accompanying this Circular. The Twenty-Third AGM of BERTAM will be held at Function Room 7, Level 3, The Pacific Sutera Hotel, Sutera Harbour, 88100 Kota Kinabalu, Sabah on Friday, 26 May 2017 at 9.00 a.m. for the purpose of considering and if thought fit, passing with or without modification, the ordinary resolution to give effect to the Proposed Share Buy-Back.

If you are unable to attend and vote in person at the Twenty-Third AGM, you are requested to complete, sign, and return the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time fixed for the Twenty-Third AGM. The completion and returning of the Form of Proxy does not preclude you from attending and voting in person at the Twenty-Third AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

You are advised to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
BERTAM ALLIANCE BERHAD

DATUK MOHAMED ARSAD BIN SEHAN
Chairman / Senior Independent Non-Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Part A and B of this Circular has been seen and approved by the Board of BERTAM who, individually and collectively, accept full responsibility for the accuracy of the information contained in Part A and B of this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group: -

Notice of Adjudication Issued Under the CIPAA To the Company's Wholly-Owned Subsidiary, Bertam Development Sdn. Bhd.

On 4 October 2016, BERTAM's wholly-owned subsidiary, Bertam Development Sdn Bhd ("BDSB") had received a Notice of Adjudication dated 30 September 2016 from R & C Cergas Teguh Sdn Bhd pursuant to Section 7 and 8 of the Construction Industry Payment & Adjudication Act, 2012, ("CIPAA") in relation to the construction of 47 units of 2 ½ storey houses on a piece of land known as Lot 811-837, 839-845, 848-850 & 853-862, Seksyen 6, Bandar Kuah, Daerah Langkawi, Kedah Darul Aman. R & C Cergas Teguh Sdn Bhd alleged payment claims amounted to RM5,818,553.08. BDSB had instructed its solicitors to contest the matter.

On 23 February 2017, the adjudication was determined for claim amount of RM4,111,267.73 together with interest at the rate of 7.65% per annum from 27 May 2016 until the date of full settlement in favour of R & C Cergas Teguh Sdn Bhd. The Board of BERTAM is currently seeking legal advice from its solicitors on the next course of action to be taken.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by BERTAM Group within 2 years immediately preceding the date of this Circular: -

- 3.1 On 6 August 2015, BERTAM's wholly-owned subsidiary, Bertam Development Sdn. Bhd. had acquired: -
- (a) 2 ordinary shares representing the entire issued and paid-up capital of Dataran Serimaju Sdn. Bhd. for a total cash consideration of RM2.00; and
 - (b) 2 ordinary shares representing the entire issued and paid-up capital of Trans Prestasi Sdn. Bhd. for a total cash consideration of RM2.00.

- 3.2 On 5 July 2016, BERTAM's indirect wholly-owned subsidiary, MV Properties Sdn Bhd ("MVSB") entered into a sale and purchase agreements with Tujuan Optima Sdn Bhd ("TOSB") for the proposed disposal of 2 parcels of freehold land held under Geran Mukim 563, Lot 809 ("Land 1") and Geran Mukim 415, Lot 810 ("Land 2"), located in Mukim Cheras, Daerah Hulu Langat, Negeri Selangor for a total cash consideration of RM128,000,000.00.

BERTAM had obtained the shareholders approval by way of poll at the Extraordinary General Meeting held on 14 October 2016.

On 16 January 2017, MVSB had entered into a supplemental sales and purchase agreement with TOSB to extend the original completion date of 16 January 2017 until such time the occupiers encroaching on part of the Lands are removed from the Lands to the satisfaction of TOSB.

As at the LPD, the proposed disposal has been completed.

- 3.3 On 8 August 2016, BERTAM's wholly-owned subsidiary, Bertam Development Sdn. Bhd. had acquired 100 ordinary shares representing 100% equity interest in Wow Land Sdn Bhd for a total cash consideration of RM200,000.00 from Jumat Bin Laiyo and Pang En Chee.
- 3.4 On 24 October 2016, BERTAM's wholly-owned subsidiary, Budaya Identiti Sdn. Bhd. entered into a sale and purchase agreement with PYL Agriculture Sdn. Bhd. for the proposed disposal of a piece of leasehold agriculture land held under HSD 16907, PT 7886 located in Mukim Gemenchah, Daerah Tampin, Negeri Sembilan for a total cash consideration of RM15,522,000.00. The Sale and purchase agreement dated 24 October 2016 was a conditional sales subject to obtain approval of Estate Land's Board Approval to transfer the land within 6 months from the agreement date.

As at the LPD, the proposed disposal has not been completed.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of BERTAM at Lot 4.100, Tingkat 4, Wisma central, Jalan Ampang, 50450 Kuala Lumpur, during normal business hours from the date of this Circular to the date of the Twenty-Third AGM: -

- (a) Audited consolidated financial statements of BERTAM for the past (2) financial years ended 31 December 2015 and 31 December 2016;
- (b) Memorandum and Articles of Association of the Company;
- (c) The relevant cause papers in respect of material litigation, claims and arbitration referred to in Paragraph 2 above; and
- (d) Material contracts referred to in Paragraph 3 above.

